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NOTIFICATIONS BY GOVERNMENT

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LABOUR, EMPLOYMENT, TRAINING AND FACTORIES DEPARTMENT

(Labour)

EASE OF DOING BUSINESS - RECOMMENDATIONS ON ACTION POINTS - JURISDICTION OF FACTORIES DEPARTMENTAL OFFICERS.

[G.O.Ms.No. 9, Labour, Employment, Training & Factories (Labour), 21st April, 2017.]

In exercise of powers conferred by sub-sections (1) and (6) of section 8 of the Factories Act, 1948 (Central Act, 63 of 1948), the Government of Telangana hereby decided to bring more transparency in the inspection procedures of Factories by introducing Computerised Systems of Risk Assessment based Inspections with random allocation of Inspecting Officers. The Risk Classification is as under.

a) The High Risk category of the Factories is as follows:

1.	Major Accident Hazardous Factories
2.	Factories covered under Section 87 (Dangerous Operations) & Rule 95 of the Factories Act 1948 and Rules made there under
3.	Factories covered under Section 89 (Notice or certain diseases) & Rule 97 of the Factories Act, 1948 and Rules made there under
4.	Factories covered under Section 2(cb) (List of Industries Involving Hazardous Process) of the Factories Act, 1948 and Rules made there under.
5.	Factories where more than 150 workers are employed

The above said Factories will be inspected once in every year

(b) The Low Risk Factories are the Factories under section 85 (1) of the Factories Act, 1948 employing less than 10 workers(if working with the aid of power) and more than 20 workers(if working without the aid of power) and they will be inspected once in 5 years.

- c) The remaining Factories (those which do not fall under the above two categories) shall be classified as Medium Risk and they will come up for inspection once in 2 years. There is an option for the Medium Risk Category Factories to opt for the Self-Certification scheme. In such a case, the Factory will be inspected only once within 5 years (as in case of Low Risk category Factories).
2. The Schedule of Inspections will be determined through online inspection module. The Factories will be selected randomly as per the frequency of inspections indicated above. The Inspecting Officer will be selected randomly through computerised online inspection module. The same Inspection Officer will not inspect the same Factory twice consecutively.
3. There shall be single joint inspection under the Factories and Labour Laws in case of High Risk Factories only. The local authorized inspector from the Labour Department will accompany the allocated Inspecting Officer of the Factories Department in the joint inspection. In case of any exigency such as leave, Court appearance etc., the Director of Factories has to be informed in advance by the Inspecting Officer concerned. The scheduled inspection will be annulled and it will be added in the pool of Factories to be inspected in the next month. The competency and jurisdiction for different cadre of Inspecting Officers is given in Annexure-I.
4. The Inspection Report will be uploaded online in the Department portal by the Inspecting Officer within 48 hours from the completion of inspection. An alert will be sent to the Occupier of the Factory, so that he may view/download the inspection report. There will be given two options at the time of uploading of the inspection report as follows:-
- (a) Issue of Inspection order:-** If the officer selects the first option, inspection order will be generated and sent to the Occupier. After that, the Occupier will have to submit/upload compliance report within 15 days. If he/she fails to submit within the said timeline, a reminder message will be communicated to the Occupier to submit compliance report within the next 7 days. If satisfactory compliance report is received, then it will be considered as compliance and the Inspection process shall be completed. If compliance report is not received or unsatisfactory then it will be added to the database of "Non-compliant factories", and necessary action will be initiated and inspection process shall be closed.
- (b) Issue of Inspection order with show cause notice:-** If officer selects second option, inspection order with show cause notice both will be generated and sent to the Occupier. After that, the Occupier has to submit/upload compliance report within 7 days (with no further extension). After receiving the compliance report, the Inspecting Officer will go for field verification within fifty (50) days. After field verification, the Joint Chief Inspector of Factories / Deputy Chief Inspector of Factories/ Inspector will enter field verification remarks and propose for further action, which will be displayed in the dashboard of Director of Factories. The discretion of further action lies with the Director of Factories. In the discretionary power, the Director of Factories will either accept or reject the proposal by stating the reasons (Issuance of warning or Initiation of prosecution) and then it will be displayed in the Inspecting Officer's dashboard. Accordingly, the Inspecting Officer will take the further action based on the decision of the Director of Factories.
5. If any complaint is received against any Factory management by the Department, it will be referred to the Director of Factories, who may order additional inspection. The procedure for additional inspection shall be decided by the Director of Factories after examining the contents of the complaint and he shall take further action accordingly.

6. Further, it is proposed to introduce Self-Certification Scheme for Medium Risk Factories. Participation in this scheme is voluntary for such Factories. In other words, any factory will be free to join or not to join the scheme. There is no time limit for joining the scheme. A Factory can opt to join the scheme at any point of time by applying online in the portal maintained by the Factories Department in the prescribed proforma along with remittance of Security Deposit in the form of Bank Guarantee (validity for 5 years) / DD in favour of Director of Factories, Telangana, Hyderabad and no interest will be paid on the security deposit. The approving authority will be the Inspector of Factories of that jurisdiction. If no reply is received by the establishment within sixty (60) days of the application made under Self - Certification Scheme, the applicant shall be deemed to have been enrolled under the Scheme.

7. The Security Deposit payable shall be as follows:

No. of Employees (working with the aid of power)	Security Deposit (in Rs.)
10 to 20 workers	5,000
21 to 50 workers	7,000
51 to 100 workers	10,000
101 to 150 workers	20,000

8. The Security Deposit is returnable to the Factory after 5 years. The Security Deposit can be forfeited in the following circumstances, namely:-

- (i) On failure to file Annual Return under the Scheme;
- (ii) On failure to maintain the prescribed Register(s);
- (iii) On failure to take corrective action on the deficiency pointed out during the inspections;
- (iv) On failure to comply fully with the provisions pertaining to workers health and safety, which led to an accident in the factory.

In case of violation of the Factories Act, 1948, further necessary action as per the law shall be initiated in addition to forfeiture of the security Deposit Amount.

9. In case, any Factory decides to exit from the Self-Certification Scheme before 5 years, then, there shall be proportionate deduction of Security Deposit, i.e., 20% if the exit is before one year, 40% if the exit is between 1 to 2 years, 60% if the exit is between 2 to 3 years, 80% if the exit is between 3 to 4 years and 100% if its exit is after 4 years and before 5 years.

ANNEXURE

Sl. No	Designation	Jurisdiction	Competency for inspection
1	2	3	4
1	Joint Chief Inspector of Factories, Head quarters: Hyderabad	State wide	Inspection of High Risk Factories where more than 500 workers are working including Major Accident Hazardous Factories in the Thirty one districts of Telangana State
2	Deputy Chief Inspector of Factories, Hyderabad (TC) Renamed as Hyderabad Headquarters: Hyderabad	Districts of Hyderabad, Vikarabad and part of Ranga Reddy District assigned by the Director of Factories, Telangana	Inspection of High Risk Factories where more than 150 workers and less than 500 workers excluding Major Accident Hazardous Factories
3	Deputy Chief Inspector of Factories, Ranga Reddy Renamed as Medchal-Malkajigiri Headquarters: Medchal-Malkajigiri	District of Medchal-Malkajigiri	
4	Deputy Chief Inspector of Factories, Hyderabad I Renamed as Sangareddy Headquarters: Sangareddy	Districts of Nizamabad, Kamareddy, Medak, Sangareddy and Siddipeta	
5	Deputy Chief Inspector of Factories, Karimnagar Head quarters: Karimnagar	Districts of Karimnagar, Jagityala, Peddapalli, Rajanna Siricilla, Adilabad, Komarambheem Asifabad, Nirmal and Manchiryal	-DO-
6	Deputy Chief Inspector of Factories, Nalgonda Headquarters: Nalgonda	Districts of Nalgonda, Suryapeta, Yadadri Bhuvanagiri, Mahabubnagar, Nagarkurnool, Jogulamba Gadwal, Wanaparthi and part of Ranga Reddy Districts assigned by the Director of Factories, Telangana	-DO-
7	Deputy Chief Inspector of Factories, Warangal Head quarters: Warangal	Districts of Warangal I, Warangal (U), Jayashankar Bhoopalapally, Mahabubabad, Jangoan, Bhadradi Kothagudem and Khammam	
8	Inspector of Factories, Hyderabad-I Renamed as Hyderabad Head Quarters: Hyderabad	District of Hyderabad	
9	Inspector of Factories, Ranga Reddy – III Renamed as Ranga Reddy Head quarters: Ranga Reddy	Part of Ranga Reddy District assigned by the Director of Factories, Telangana and I/c of Vikarabad District.	Inspection of High Risk Factories where less than 150 workers excluding Major Accident hazardous Factories
10	Inspector of Factories, Ranga Reddy-I Renamed as Medchal-Malkajigiri – I Head quarters: Medchal-Malkajigiri	Part of Medchal –Malkajigiri District assigned by the Director of Factories, Telangana.	-Do-
11	Inspector of Factories, Ranga Reddy-II Renamed as Medchal-Malkajigiri-II Head quarters: Medchal-Malkajigiri	Part of Medchal –Malkajigiri District assigned by the Director of Factories, Telangana.	

12	Inspector of Factories, Jeedimetla Renamed as Medchal- Malkajigiri-III Head quarters: Medchal- Malkajigiri	Part of Medchal –Malkajigiri District assigned by the Director of Factories, Telangana.	
13	Inspector of Factories, Sanga Reddy-I Renamed as Sangareddy Headquarters: Sangareddy at Ramachandrapuram	Part of Sangareddy District assigned by the Director of Factories, Telangana	
14	Inspector of Factories, Sanga Reddy-II Renamed as Siddipeta Head quarters: Siddipeta	District of Siddipeta	-Do-
15	Inspector of Factories, Hyderabad –II Renamed as Medak Headquarters: Sangareddy at Ramachandrapuram	District of Medak and part of Sangareddy District assigned by the Director of Factories, Telangana	
16	Inspector of Factories, Nizamabad Head quarters: Nizamabad	District of Nizamabad and I/c of Kamareddy Dist.,	
17	Inspector of Factories, Karimnagar Head quarters: Karimnagar	District of Karimnagar, and I/c. of Jagityala, Peddapalli and Rajanna Siricilla Dists.,	
18	Inspector of Factories, Adilabad Head quarters: Adilabad	District of Adilabad, and I/c of Komarambheem Asifabad, Nirmal and Manchiryala Dists.,	-Do-
19	Inspector of Factories, Nalgonda-I Renamed as Suryapeta Head quarters: Suryapeta	District of Suryapeta and I/c of Yadadri Bhuvanagiri Dist.,	
20	Inspector of Factories, Nalgonda-II Renamed as Nalgonda Head quarters: Nalgonda	District of Nalgonda	-Do-
21	Inspector of Factories, Mahaboobnagar Head quarters: Mahaboobnagar	District of Mahabubnagar, and part of Ranga Reddy Districts assigned by the Director of Factories, Telangana and I/c. of Nagarkurnool, Jogulamaba Gadwal, Wanaprthy Dists.,	
22	Inspector of Factories, Warangal Renamed as Warangal (Urban) Head quarters: Warangal (Urban)	District of Warangal (U), and I/c. of Waranagal I, Jayashankar Bhoopalapally, Mahabubabad, and Jangoan Dists.,	
23	Inspector of Factories, Khammam Head quarters: Khammam	District of Khammam and I/c of Bhadradri Kothagudem Dist.,	-Do-

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Principal Secretary to Government.